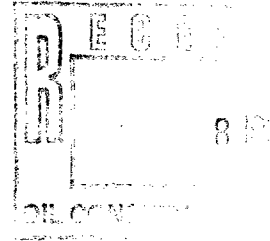


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION OF
PHILLIPS PETROLEUM COMPANY FOR APPROVAL
OF AN UNORTHODOX GAS WELL LOCATION,
WEST RANGER-LAKE DEVONIAN GAS POOL,
LEA COUNTY, NEW MEXICO

CASE: 10857

A P P L I C A T I O N

Comes now PHILLIPS PETROLEUM COMPANY, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location for its Lone Ranger Well No. 21 in the West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico to be drilled at an unorthodox location 450 feet FEL and 2260 feet FSL (Unit I) Section 27, Township 12 South, Range 34 East, NMPM, Eddy County, New Mexico and to be dedicated to a standard 320 acre gas spacing unit consisting of the E/2 of said Section 27.

In support thereof, Applicant states:

1. Applicant, Phillips Petroleum Company, has 100% of the working interest for all of E/2 of Section 27, T12S, R34E, N.M.P.M, Lea County, New Mexico.

2. Applicant proposes to test for production in the West Ranger Lake-Devonian Gas Pool by drilling its Lone Ranger Well No. 21 to an anticipated depth of 13,400 feet, at an unorthodox gas well location 450 feet FEL and 2260 feet FSL of said Section 27 to be dedicated to a standard 320-acre gas spacing unit consisting of the E/2 of said Section 27.

3. The proposed well will be located within the current boundaries of the West Ranger Lake-Devonian Gas Pool which was established by Division Order R-3182 effective February 1, 1967 and is subject to the Division general statewide rules including well spacing of 320-acres.

4. The only currently producing wells in the pool are:

(a) the Ranger #17 Well which is at an unorthodox well location 860 feet FSL and 660 feet FWL and was approved by Division Administrative Order NSL-3117, dated June 8, 1992 and dedicating a spacing unit consisting of the S/2 of said Section 26, and

(b) the Ranger Well No. 20 which is at an unorthodox well location 660 feet FWL and 810 feet FNL and was approved by Division Order R-9860, dated March 19, 1993 and dedicating a spacing unit consisting of the N/2 of said Section 26, and

5. The West Ranger Lake-Devonian Gas Pool is a retrograde gas condensate reservoir with the hydrocarbons in a gaseous phase at reservoir conditions.

6. The proposed well would be at unorthodox location because it is 450 feet from the East side of the spacing unit rather than the required 660 feet and 2260 feet from the south end of the spacing unit rather than the required 1980 feet and therefore requires an exception to General Rule 104.

7. Based upon 3D seismic interpretation, the standard locations within this spacing unit would not be economical to drill or are located in separate fault blocks which would not have the ability to produce the Devonian reserves underlying the E/2 of said Section 27.

8. A well at the proposed unorthodox location is located in an undrained portion of the reservoir as determined through interpretation of 3D Seismic data and should penetrate productive intervals of the Devonian formation at a more favorable geologic point than a well drilled at any standard location in the proposed spacing unit thereby recovering reserves which might not otherwise be produced.

9. The proposed well is outside of the drainage affects of any existing Devonian well in the pool thereby increasing the likelihood of obtaining commercial production which might otherwise be recovered and thus preventing waste.

10. The portion of the Devonian reservoir in which the Lone Ranger Well No. 21 will be located is separated from the Devonian reservoir underlying offsetting spacing units by fault blocks which should preclude uncompensated drainage from offsetting spacing units and thereby protect correlative rights.

11. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Devonian formation, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

12. In accordance with Division Rule 1207, Applicant has notified those affected parties towards whom the proposed location encroaches, with the names and addresses of those parties set forth on Exhibit A.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

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EXHIBIT A

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Midland, Texas 79702

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Artesia, New Mexico 88210

Yates Petroleum Company
105 South Fourth Street
Artesia, New Mexico 88210

Myco Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210

ABO Petroleum Corp.
105 South Fourth Street
Artesia, New Mexico 88210